

**State of Alaska  
Local Boundary Commission**



**Work Plan for Review of the Unorganized  
Borough in Accordance with Chapter 53,  
SLA 2002**

**Adopted October 22, 2002**

**PART I --SUMMARY OUTLINE**

- A. Acknowledge limitations to which the project is subject
- B. Provide information to and receive input from the public concerning the study
- C. LBC meetings regarding review of the unorganized borough
- D. Review the roles of the legislature and LBC regarding extension of borough government
- E. Review nature of organized boroughs
- F. Review nature of the unorganized borough
- G. Review nature of city governments within the unorganized borough
- H. Review history of borough government
- I. Identify reasons for continuing opposition to borough formation
- J. Determine whether the economy of each unorganized area includes the financial resources needed to provide borough services (designate areas with fiscal capacity as "Tier II unorganized areas")
- K. Determine the extent to which the population of each Tier II unorganized area is served by home rule and first class cities
- L. Determine the extent to which each Tier II unorganized area has a population that is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support borough government
- M. Determine extent to which boundaries have been identified for each Tier II unorganized area that conform generally to natural geography and include all areas necessary for full development of borough services
- N. Determine whether the land, water, and air transportation facilities within each Tier II unorganized area allows the communication and exchange necessary for the development of integrated borough government
- O. Reach Conclusions and Make Recommendations

P. Present Study to the 2003 Legislature

## **PART II -- DETAILED OUTLINE**

### **A. Acknowledge Limitations to Which the Project is Subject**

- 1. Limitations associated with the review of unorganized borough directed by the 2002 Legislature**
  - a. Unorganized areas reviewed in the abstract (i.e. without petitions)
  - b. Time (September 17, 2002 – February 19, 2003)
  - c. Funding (\$50,000)
  - d. Data (e.g., absence of reliable property value data for unorganized areas outside cities for which full value determinations are made)

### **B. Provide Information to and Receive Input from the Public**

- 1. Write to organizations advising them of project, inviting input, and informing them of LBC Web site where further information is available**
  - a. Organized Boroughs (16)
  - b. All city governments (146)
  - c. Organized Borough School Districts (16)
  - d. REAAs (19)
  - e. City School Districts (18)
  - f. Alaska Municipal League
  - g. State agencies
  - h. All legislators
  - i. Governor
  - j. Association of Alaska School Boards
  - k. Other interested groups & organizations (e.g. Commonwealth North)
- 2. Provide Project Information on LBC Web Site**
  - a. Electronic subscription service
    - (i) Public notices
    - (ii) Study materials (e.g., work plan, meeting notices, study materials, meeting minutes)
    - (iii) Public comments

### **C. LBC Meetings**

- 1. Review and Adopt Work Plan - October 22, 2002**
- 2. Alaska Municipal League – November 13, 2002**

### **3. Hearings in Regional Centers**

## **D. Review Roles of the Legislature and LBC Regarding Extension of Borough Government**

### **1. Alaska Legislature**

- a. The Alaska legislature has the constitutional duty to set general public policy for extension of borough government by enacting laws, subject to gubernatorial veto, that establish procedures and standards for borough incorporation. (Art X, sec 3 Ak const)
- b. To further the exercise of its constitutional duty under Art X, sec 3, the 2002 Legislature, by unanimous vote (35 – 0 in the House and 19 – 0 in the Senate), directed the LBC to “review conditions in the unorganized borough” for the purpose of identifying areas “that meet the standards for incorporation.” The Governor signed the legislation into law. Chapter 53, SLA 2002 took effect September 17, 2002.

### **2. Local Boundary Commission**

- a. The LBC must conduct the review of the unorganized borough called for by Chapter 53, SLA 2002 using existing standards for extension of borough government. By February 19, 2003, the LBC must submit its report to the legislature, identifying areas that meet the “standards for incorporation.”
- b. The LBC acts on petitions for borough incorporation based on standards and procedures established in law. In doing so, the LBC implements the general public policy for the extension of borough government set by the legislature. (AS 44.33.812)
- c. The LBC has a duty to establish standards and procedures for borough incorporation to supplement those established by the legislature. (AS 44.33.812)
- d. The LBC has a duty to make studies of boundary problems. (AS 44.33.812)

## **E. Review Nature of Organized Boroughs**

- 1. Boroughs are Municipal Corporations and Political Subdivisions**
- 2. Borough Classifications**
- 3. Mandatory Powers of Boroughs**
- 4. Discretionary Powers of Boroughs**

5. **Summary of Revenues and Expenditures of Existing Boroughs**
6. **Alaska's Constitution Encourages Borough Incorporation where Standards are met**
7. **Boroughs Must Embrace Common Social, Cultural, and Economic Interests on a Regional Scale**
8. **Boroughs Should Generally Include Multiple Communities and Should be Able to Provide Services Efficiently and Effectively**
9. **Alaska's Constitution Encourages Minimum Numbers of Boroughs**
10. **Borough Boundaries Should be Established at the State Level to Reflect Statewide Considerations as well as Regional Criteria and Local Interests**
11. **Incorporation Standards**
  - a. Constitution
  - b. Alaska Statutes
  - c. Alaska Administrative Code
    - (i) Review basis of Alaska Administrative Code provisions
12. **The benefits of borough government (i.e., the manner in which borough government serves the broad public interest)**
  - a. accomplishments of organized boroughs
  - b. positive role borough governments can play on behalf on residents

## **F. Review Nature of the Unorganized Borough**

1. **Single residual unorganized borough**
2. **Instrumentality of the State (not a political subdivision or municipal corporation)**
3. **Legislature has same powers within unorganized borough as an assembly does within an organized borough**
4. **Services provided by State**
  - a. REAAs (educational service areas – AS 14.08.031)
  - b. CRSAs (coastal resource service areas – AS 46.40.120)
  - c. Nonprofit Salmon Production Regional Associations (AS 16.10.380)
  - d. Platting outside home rule and first class cities (AS 40.15.070)
  - e. Zoning outside home rule and first class cities (AS 38.05.037)
  - f. Other services provided by state
  - g. Unused authority to establish other service areas (AS 29.03.020)

**13. Relationship between boroughs and:**

- a. regional quasi-public non-profit service providers;
- b. Alaska regional economic development organizations (ARDORs);
- c. tribal governments.

**G. Review the Nature of City Governments Within the Unorganized Borough**

- 1. Mandatory Powers**
- 2. Classifications**
- 3. Discretionary Powers**
- 4. Limitation of Communities Doctrine**
- 5. Summary of Revenues and Services**

**H. Review the History of Borough Government**

- 1. Borough Concept – Alaska Constitutional Convention 1955-1956**
- 2. Legislation Concerning the Nature of Boroughs**
  - a. Borough Act of 1961
    - (i) Provided for Voluntary Incorporation of Organized Boroughs
    - (ii) Established Residual Unorganized Borough
    - (iii) Established standards for borough incorporation
    - (iv) Established classifications of boroughs
    - (v) Established mandatory powers of boroughs
    - (vi) Effect of decisions – voluntary incorporation & residual unorganized borough impeded formation of organized boroughs
  - b. Mandatory Borough Act of 1963
  - c. Third class borough legislation 1968
  - d. 1985 prohibition of new third class boroughs
- 3. Borough Incorporations**
  - a. Voluntary Borough Incorporations (with brief discussion of factors that motivated each incorporation)
    - (i) Bristol Bay Borough
    - (ii) Haines Borough
    - (iii) North Slope Borough
    - (iv) Northwest Arctic Borough
    - (v) Aleutians East Borough
    - (vi) Lake and Peninsula Borough

- (vii) Denali Borough
- (viii) City and Borough of Yakutat

- b. Mandatory incorporations
  - (i) Ketchikan Gateway Borough
  - (ii) Greater Sitka Area Borough
  - (iii) Greater Juneau Area Borough
  - (iv) Kodiak Island Borough
  - (v) Kenai Peninsula Borough
  - (vi) Greater Anchorage Area Borough
  - (vii) Matanuska-Susitna Borough
  - (viii) Fairbanks North Star Borough

**4. Model Borough Boundaries**

**5. Principles Adopted by the LBC Regarding the Need to Reform State Law Relating to Borough Incorporation and Annexation**

**I. Identify Continuing Concerns Regarding Borough Incorporation**

- 1. Property Tax Equity and Non-Taxable Restricted-Deed property (address alternatives to property taxes);**
- 2. Lack of Incentives to Form Boroughs**
- 3. Fear of Lost Autonomy**
- 4. Fear of loss of lands due to taxes**
- 5. City/Borough Relationships**
  - a. Areawide planning, platting, and land use regulation is often perceived by cities as a loss of local control (boroughs may delegate the powers to cities within the borough).
  - b. Consolidation of city school districts with the surrounding regional district.
- 6. Resistance to Change (Entrenchment Of Status Quo)**
- 7. Intra-Regional Equity in Local Finance of Borough Government. (Disparities Between Rural Regional Centers and Outlying Communities may Raise Concerns About Equitable Finance of Borough Government)**
- 8. Reductions in State aid**
  - a. Financial support required of municipally-operated schools (4 mill equivalent or 45% of basic need, whichever is less) is offset by reduced State aid.

- b. Prospect of reduced area cost differentials under education foundation program.
- c. Prospect of reduced National Forest Receipts funding for regions.
- d. Prospect of reduced Coastal Management funding.
- e. Shift of National Forest Receipt funding from REAAs and cities to boroughs.
- f. Shift of federal payments in lieu of taxes (PL 94-565, as amended by PL 104-333) from cities to boroughs.
- g. Loss of eligibility for State Revenue Sharing by unincorporated communities and volunteer fire departments in the unorganized borough.
- h. Loss of eligibility for State capital matching grants by unincorporated communities in the unorganized borough.
- i. 50% reduction of the entitlement of cities within the unorganized borough to fisheries business tax refunds from the State.

**J. Tier I Review – Determine Whether the Economy of Each Unorganized Area Includes the Financial Resources Needed to Provide Borough Services**

1. **Review Comparative Rankings of Per Capita Income based on 2000 Census Data**
  - a. boroughs and census areas ranked according to per capita income
  - b. boroughs and REAAs ranked according to per capita income (extrapolated from Census data)
  - c. localities ranked according to per capita income within boroughs and REAAs
  - d. boroughs and model boroughs ranked according to per capita income (extrapolated from Census data)
  - e. localities ranked according to per capita income within boroughs and model boroughs
  - f. localities ranked according to per capita income
2. **Review of Per Capita Personal Income based on 2000 Bureau of Economic Analysis Data**
  - a. boroughs and census areas ranked according to per capita personal income
3. **Review Comparative Rankings of Percent of Unemployment based on 2000 Census Data**
  - a. boroughs and census areas ranked according to unemployment
  - b. boroughs and REAAs ranked according to unemployment (extrapolated from Census data)

- c. localities ranked according to unemployment within boroughs and REAAs
- d. boroughs and model boroughs ranked according to unemployment (extrapolated from Census data)
- e. localities ranked according to unemployment within boroughs and model boroughs
- f. localities ranked according to unemployment

**4. Review Comparative Rankings of Percent of Adults not Working based on 2000 Census Data**

- a. boroughs and census areas ranked according to percent of adults not working
- b. boroughs and REAAs ranked according to percent of adults not working (extrapolated from Census data)
- c. localities ranked according to percent of adults not working within boroughs and REAAs
- d. boroughs and model boroughs ranked according to percent of adults not working (extrapolated from Census data)
- e. localities ranked according to percent of adults not working within boroughs and model boroughs
- f. localities ranked according to percent of adults not working

**5. Review Comparative Rankings of Household Income based on 2000 Census Data**

- a. boroughs and census areas ranked according to median household income
- b. boroughs and REAAs ranked according to average household income (extrapolated from Census data)
- c. localities ranked according to median household income within boroughs and REAAs
- d. boroughs and model boroughs ranked according to average household income (extrapolated from Census data)
- e. localities ranked according to median household income within boroughs and model boroughs
- f. localities ranked according to median household income

**6. Review Comparative Rankings of Percent of Poverty based on 2000 Census Data**

- a. boroughs and census areas ranked according to percent of poverty
- b. boroughs and REAAs ranked according to percent of poverty (extrapolated from Census data)
- c. localities ranked according to percent of poverty within boroughs and REAAs
- d. boroughs and model boroughs ranked according to percent of poverty (extrapolated from Census data)



- e. localities ranked according to percent of poverty within boroughs and model boroughs
- f. localities ranked according to percent of poverty

**7. Review Comparative Rankings of Median Value of Owner Occupied Housing Units based on 2000 Census Data**

- a. boroughs and census areas ranked according to median value of owner occupied housing units
- b. boroughs and REAAs ranked according to weighted average of median value of owner occupied housing units (extrapolated from Census data)
- c. localities ranked according to median value of owner occupied housing units within boroughs and REAAs
- d. boroughs and model boroughs ranked according to weighted average of median value of owner occupied housing units (extrapolated from Census data)
- e. localities ranked according to median value of owner occupied housing units within boroughs and model boroughs
- f. localities ranked according to median value of owner occupied housing units

**9. Reach Conclusions Regarding Which Unorganized Areas have Financial Capacity to Support Borough Government (“Tier II Areas”)**  
(Areas determined to have the financial capacity to support borough government will be subject to Tier II review)

**K. Determine Extent to Which the Population Within Each “Tier II Unorganized Area” is Served by Home Rule/First Class City Governments**

(the purpose of this information is to assess the “need for borough government” in each area in the context of existing cities. If the financial capacity of several “Tier II” areas is similar but one has 95% of its population within home rule and first class cities while the others have little or none of their respective population within home rule or first class cities, it seems such circumstances should have some bearing on LBC conclusions regarding each of the areas)

**1. Review Listing of Home Rule and First Class Cities Within each Census Area**

- a. Number of home rule and first class cities
- b. Percentage of residents within home rule and first class cities

**L. Determine Extent to Which Each Tier II Unorganized Area has a Population that is Interrelated and Integrated as to its Social, Cultural, and Economic Activities, and is Large and Stable Enough to Support Borough Government.**

1. Review DCED's "Alaska Economic Information System" for each of the 11 Census Areas  
[http://www.dced.state.ak.us/cbd/AEIS/AEIS\\_Home.htm](http://www.dced.state.ak.us/cbd/AEIS/AEIS_Home.htm)

**M. Determine Extent to Which Boundaries have been Identified for each Tier II Unorganized Area that Conform Generally to Natural Geography and Include all Areas Necessary for Full Development of Borough Services**

1. Review LBC's model borough boundaries
2. Review REAA boundaries

**N. Determine Whether the Land, Water, and Air Transportation Facilities Within each Tier II Unorganized Area Allows the Communication and Exchange Necessary for the Development of Integrated Borough Government**

1. Review DCED's "Alaska Economic Information System" for each of the 11 Census Areas  
[http://www.dced.state.ak.us/cbd/AEIS/AEIS\\_Home.htm](http://www.dced.state.ak.us/cbd/AEIS/AEIS_Home.htm)
2. Review DOT&PF data

**O. Conclusions and Recommendations**

**P. Presentation of Study to the 2003 Legislature**

- a. Presentation in Person
  - (i) Overview – PowerPoint presentation
- b. Printed Materials
  - (i) Volume 1 – Overview and Conclusions
  - (ii) Volume 2 – Background
  - (iii) Volume 3 – Data